

CHAPTER 26-5 MEDICAID AND MEDICARE FUNDED PROJECTS (M/M)

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26-5.1 INTRODUCTION

A. Purpose

These guidelines establish procedures for using funds from Medicaid and Medicare (M/M) collections to correct facilities deficiencies through construction projects costing up to \$1,000,000. Projects submitted for M/M funding must be part of a facility's annual plan for the use of M/M funds (Spending Plan).

B. Background

The Congress authorized Indian Health Service (IHS) to use funds obtained through M/M collections to correct facilities deficiencies that are not in compliance with Joint Commission on Accreditation of Healthcare Organizations (JCAHO) standards and or the Health Care Finance Administration (HCFA) conditions of participation requirements. Corrections may be accomplished by renovating or adding space (temporary or permanent) to correct deficiencies that were cited in recent surveys or that may be cited in future surveys.

C. Applicability

These guidelines apply to all IHS-owned facilities and tribally-owned facilities operated by IHS.

D. Provisions

Because of the broad range of needs in renovating and expanding facilities for health services programs, each request will be evaluated individually. The information submitted for approval must specifically address JCAHO and or HCFA related deficiencies of the current space, describing the proposed project and how it will alleviate these deficiencies.

M/M funds alone or in combination with other funds may be used for the following:

- (1) to purchase a modular addition;
- (2) to renovate an existing building;

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- (3) to construct an addition;
- (4) to construct or purchase a temporary addition;
- (5) to renovate existing non-program space into program space in an existing building; or

M/M funds cannot be used for the following:

- (1) to replace any existing structure with a new free-standing structure; or
- (2) to build a new free-standing structure.

E. Definitions

- (1) **Modular Building:** Modular buildings are constructed in large sections or as complete buildings that have been produced in a factory environment where each building or section is pre-constructed (i.e. pre-wired, pre-plumbed, pre-finished, etc.). The sections and/or buildings are delivered to the site and erected. Sections are not usually structurally self transportable but must be transported on a flat bed truck or trailer. Modular buildings may be temporary or permanent.
- (2) **Permanent Building:** A building constructed to provide a structure or facility needed to provide health care services on a continuous and permanent basis.
- (3) **Temporary Building:** A building constructed to provide a structure or facility needed for a limited period of time to meet an urgent need.
- (4) **Trailer or Mobile Building:** A manufactured, readily available, building intended to be transported to various locations. A trailer or mobile building can be identified by some or all of the following features:
 - Permanent frame with axles and wheels
 - Finished floors, walls, and ceilings
 - Complete toilet accessories (option)
 - Finished exterior walls with windows
 - Complete electrical system
 - Immediate occupancy
 - One story structure
 - Construction is based on federal standards versus local building codes
- (5) **Free-Standing:** A structure that stands on its own foundation, free of support or attachment and is not an integral part of another building (Independent of another building with respect to utilities and services).

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- (6) **Addition:** An expansion attached to an existing building. Examples of additions are a wing, a floor, or an enclosed courtyard or entry way, etc.
- (7) **Expansion:** New program space.
- (8) **Renovation:** Work required to change the interior arrangements or installed equipment of an existing facility so that it may be more effectively utilized (e.g. for the delivery of health care services). Renovations may include work referenced by such terms as improvements, conversion, and reconversion, are governed by these guidelines.

26-5.2 CRITERIA

Submitted documents will be reviewed for conformity with the IHS Health Facilities Planning Manual (HFPM), Area Health Facilities Master Plans, and other relevant IHS requirements. No additional staff, equipment, or funds shall be needed to operate or maintain the additional useable space, other than what is provided for through congressional increases in health services funding.

26-5.3 PROCEDURE FOR SUBMITTING A PROPOSAL

The Area Director should not approve a Project Summary Documents (PSD) if funds will not be available within 90 days. (A prototype PSD is provided as a template in Chapter 13-1.) Once the PSD is approved, OEHE will recommend that the Area authorize use of M/M funds for the project. If Area funds are available, the Area may amend the Spending Plan and begin design and construction of renovation projects that are less than \$1 million.

The majority of proposals submitted under these guidelines will be covered by Subsections A or B. A proposal for a project at an IHS-owned facility should follow Subsection A, whereas a proposal for a project at a tribally-owned facility should follow Subsection B. For other proposals, consult Subsection C. (Construction projects under \$25,000 do not require a PSD).

A. Projects¹ at IHS-owned facilities require the following:

- 1. A PSD must be submitted for review and approval by the Area Director.

¹Total project cost estimate, all IHS fund types combined may not exceed \$1 million when using a PSD. Projects with combined funds that exceed \$1 million must use a PJD. See other funds chapter for approval procedures.

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2. After the Area Director's review and approval, an information copy shall be sent to Headquarters DFPC.
 3. No design or construction work is to be performed until written approval is received.
- B. Projects at tribally-owned IHS-operated facilities require the following:
1. A PSD must be submitted for review and approval by the Area Director.
 2. After the Area Director's review and approval, an information copy shall be sent to Headquarters DFPC.
 3. No design or construction work is to be performed until written approval is received.
- C. Projects that are not covered under Section 26-5.3, Subsection A and B, should be referred to DFPC Headquarters for guidance on obtaining approval including leases, which must be on the lease priority system.

26-5.4 CONTRACTING AND OWNERSHIP

A. Ownership

- **Renovation projects** - The owner of the existing facility will retain ownership after renovation.
- **Expansion projects** - The owner of the existing facility will retain ownership after the addition.

Due to the complexity of ownership issues, they may need to be addressed on a case-by-case basis.

B. Contracting

Whether the project is located at a IHS-owned or tribally-owned facility will determine contracting responsibilities.

- For IHS-owned facilities, the Engineering Services will have contracting authority. Contracting methods are direct federal and P.L. 93-638 construction contracts.
- For tribally-owned facilities leased by IHS, the lease may be modified to include a one-time payment for construction and expansion. These projects are considered federally-assisted construction, and IHS federally-assisted guidelines will apply.

26-5.5 DESIGN AND CONSTRUCTION

After the PSD is approved, and before granting approval for construction to be advertised, the Contracting Officer shall obtain concurrence of the construction plans and specifications from the approving authority identified in Section 26-5.3. Projects require, as a minimum, the following:

- A single-line drawing showing new space, and/or existing space with proposed renovations;
- Space schedule (description of floor space, room list, and square area); and
- Cost estimate.

After the construction award, an information copy of the final construction bid award package (including a copy of the contract); contract drawings; and cost should be submitted to the approving authority identified in Section 25-5.3.

26-5.6 FINAL REPORTS

A final report must be submitted to DFPC Headquarters for use in preparing required documentation, e.g., budget justification documents and reports to the Congress. See Chapter 24-8 Project Final Reports.